

24 February 2015

Mr Geoff Gleeson  
Director Operations 1  
Anti-Dumping Commission  
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### Public File

Dear Mr Gleeson

#### **Investigation No. 242 – Newsprint exported from France and Korea – Norske Skog Industries (Australia) Limited comments on submissions by UPM France and Seven West Media**

##### Introduction

I refer to submissions on behalf of UPM France (dated 19 February 2015) and Seven West Media (19 February 2015) in response to Preliminary Affirmative Determination ("PAD") and Statement of Essential Facts ("SEF") No. 242 on newsprint exported from France and Korea. Norske Skog Industries (Australia) Limited ("NSIA") provides the following comments in response to the submissions received.

##### UPM France

It is contended on behalf of UPM France that if it is established that its exports were at dumped prices, the exports did not cause, is not causing, and does not threaten material injury to the Australian industry manufacturing newsprint.

Reference is made to the Anti-Dumping Commission's ("the Commission") finding at Sections 8.6.3 and 8.7.3 of the SEF that the dumped export prices from France influenced price negotiations on the Australian market, resulting in price depression, price suppression, and loss of sales volumes.

NSIA agrees with the Commission's findings and assessment concerning the price impact of the dumped exports. In particular, NSIA concurs that the Australian market for newsprint is a "price sensitive" market in which a high degree of price transparency exists. This sensitivity is further enhanced by the level of transparency of published Australian Bureau of Statistics ("ABS") import prices. NSIA disagrees with UPM France's assertion that there "is no necessary correlation between the existence of allegedly dumped prices (assessed and published for statistical purposes at the fob level) and price setting" as the import prices are benchmarks as to the price availability of alternate sources of supply to the Australian industry.

It is further argued that the Commission's findings represent "a major failure by the Commission to meet its obligations under Article 3.1 of the *Anti-Dumping Agreement*" to properly assess injury to the domestic industry. This is not the case. In a price sensitive market, NSIA assesses the competition available in the market and prices for supply accordingly. The availability of the exports from France and Korea as evidenced in the ABS import data represents key considerations in the pricing decisions of the Australian industry. The recent import trends confirm the availability of significant volumes of imported newsprint at dumped prices that cannot be ignored.

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The Commission is well-placed to consider *all* of the facts in an objective manner. The Commission cannot be criticized for assessing the available information and publishing a finding in respect of its assessment.

The UPM submission has detailed three tender contracts in which it is suggested UPM has been involved in recent times. As tender contracts are negotiated, the only assumptions that NSIA can rely upon include those that it will be competing with incumbent suppliers of newsprint to the Australian market. The past export volumes are indicative of a future capability to supply. As domestic markets in the exporting countries contract, it is realistic to anticipate that the exporters will seek to increase export volumes to Australia at any available opportunity.

NSIA would highlight that the claimed “ad hoc” volumes to smaller suppliers had increased during the investigation period as one of the larger tenders involved an increased volume of short term, ad hoc pricing. The status of this volume required NSIA to consider what would be the likely alternate sources of supply, including UPM France. The claims therefore that the UPM France prices into a West Australian publisher do not influence prices at other tenders cannot be supported. In its assessment of the impact of dumped prices on negotiated contracts, the Commission has correctly relied upon the available positive evidence to support its findings.

The UPM France submission has further raised the issue of the recycled content of paper supplied into Western Australian Newspapers (“WAN”). The Commission has addressed this matter in Section 3.4.2 of PAD & SEF No. 242 concerning the claimed benefits as “negligible” in terms of overall cost savings. The UPM France submission does not offer any further evidence in support of the claims concerning the preferred use of recycled newsprint. NSIA has previously supplied locally produced newsprint to WAN and claimed preferences for high content recycled paper were not at issue. The findings of the Commission in PAD & SEF No. 242 on the benefits of recycled newsprint have therefore not been further challenged with additional supporting information from UPM France.

It is also contended on behalf of UPM France that the Commission has not adequately considered the impact of injury caused by “other” factors during the investigation period. PAD & SEF No. 242 clearly addresses the other factors that have impacted the Australian industry’s economic performance. It should be noted however, that the Commission is required to consider the Ministerial Directive on Material Injury and to take account of the impact of dumped goods in a contracting market<sup>1</sup>. In particular, where the influence of dumped goods may not have a material impact in an expanding market, the same dumping may be viewed as material in a slow or contracting market as was the case with the newsprint market during the investigation period. It is NSIA’s view that the dumped imports have a significantly greater impact in a contracting market as suppliers compete for a diminishing share of the market.

NSIA submits that the Commission has adequately considered the influence of “other” causes of injury to the Australian industry during the investigation period. However the impact of injury caused by the dumping - of itself - was considered “material” by the Commission.

The Commission has correctly considered the impact of dumped exports from France on the economic condition of the Australian industry. The positive evidence available to the Commission confirms that exports of dumped newsprint from France have caused and, will continue to cause, material injury to the Australian industry in the absence of anti-dumping measures. The Commission’s findings are supportive of the proposed recommendations to the Minister to impose anti-dumping measures on newsprint exported from France. NSIA therefore does not consider that the investigation into exports of newsprint from France should be terminated.

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<sup>1</sup> Refer ACDN No. 2012/24.



#### Seven West Media

The submission has sought to raise the same (or similar) arguments to the UPM France submission concerning material injury and causation. NSIA does not consider it is necessary to further rebut the assertions of SWM.

It is appropriate to address the matter raised concerning the timing of tender negotiations that have effectively insulated prices prior to the investigation period. NSIA does not have any influence over the timing of contract negotiations. These occur on an ongoing basis. When contract negotiations do occur (whether long or short term) at issue is the competing offers of competing respondents. In order to be in a position to supply, NSIA must respond to available alternate offers of supply at the time of the negotiations. It is therefore inaccurate to suggest that NSIA has been insulated from prices prior to the investigation period and that the injury from dumping was a mere 'correction' that occurred in the investigation period. The available evidence as to ongoing price negotiations in the newsprint market from 2010 does not support SWM's representations.

NSIA would further add that SWM's speculation concerning the erosion of NSIA's margin since 2010/11. NSIA has not contended that it should be able to increase prices to counter reductions in sales volumes. The material injury experienced by NSIA in the investigation period has been caused by a reduction in selling prices (and a reduction in margin – i.e. prices over costs).

NSIA similarly rejects SWM's assertions that the Commission has misinterpreted to the Australian industry's economic performance data across the injury period. The Commission has not concluded that the Australian industry has not suffered material injury from other factors but, rather, that the dumping of itself had caused material injury to the Australian industry.

#### Closing remarks

NSIA requests the Commission to affirm its proposed recommendations to the Minister in its final report that anti-dumping measures are required to remove the injurious effects of dumping on future exports of newsprint from France.

If you have any further questions, please do not hesitate to contact me on (02) 8268 2037, or Norske Skog's consultant John O'Connor on (07) 3342 1921.

Yours sincerely



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